United Nations ST/AI/2000/16*

Secretariat

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Administrative instruction

Rental subsidies and deductions

The Under-Secretary-General for Management, pursuant to section 4.2 of the Secretary-General's bulletin ST/SGB/1997/1, and for the purpose of defining the terms and conditions of rental subsidies and deductions, as part of the post adjustment system under staff rules 103.7 and 203.5, hereby promulgates the following:

Section 1
General provisions

1.1 The purpose of the rental subsidy scheme is to facilitate the settlement of new staff members and to encourage mobility within the common system by subsidizing the rental costs of eligible staff members whose rental accommodations are of a reasonable standard but cost significantly more than the average for the duty station.

1.2 The present instruction shall apply to staff in the Professional category and above, to Field Service staff appointed under the 100 series of the Staff Rules, and to project personnel appointed under the 200 series of the Staff Rules, provided they are in receipt of post adjustment. Internationally recruited General Service staff members meeting the conditions set out in section 15 of the present instruction shall also be included in the scheme.

1.3 Staff members who are included in the scheme and who, while on mission detail or temporary assignment to another duty station, continue to receive the post adjustment at their parent duty station, shall remain eligible to receive a rental subsidy for rented accommodations at the parent duty station, provided all applicable conditions are met. In such cases, the rental subsidy shall not be payable in respect of rented accommodation at the mission area duty station, or at the duty station where the staff member is on temporary assignment.

1.4 Staff members who are assigned to a new duty station with a lower post adjustment than at the duty station where they had been serving and who, under staff rule 103.7 (d) (i), continue to receive the post adjustment of the prior duty station for a maximum period of six months, shall remain eligible to receive a rental subsidy for rented accommodation at their former duty station during that period. No

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rental subsidy shall be paid for rented accommodation at the new duty station while a rental subsidy is paid for rented accommodation at the former duty station.

1.5 Part I of the present instruction defines the terms and conditions of the scheme applicable at all duty stations, unless otherwise specifically stated. Part II defines additional terms and conditions applicable at duty stations in Europe and North America listed in annex I to the information circular on rental subsidies and deductions issued by the Assistant Secretary-General for Human Resources Management. Part III defines additional terms and conditions applicable at duty stations outside Europe and North America. For the purposes of the present instruction, duty stations in Mexico shall be included among the duty stations outside Europe and North America. Part IV defines the terms and conditions under which a rental subsidy may exceptionally be paid to internationally recruited General Service staff members.

Part I
Terms and conditions applicable at all duty stations

Section 2
Rent paid by the staff member

2.1 For the purposes of the present instruction, the expression "rent paid by the staff member" shall be the recurring amount indicated in the lease agreement which the staff member, as a tenant, agrees to pay for the right to live in the rented premises. No rental subsidy shall be paid to staff who live in their own homes or do not pay rent for their dwellings.

Sublets

2.2 Dwellings rented through a subleasing arrangement shall give rise to an entitlement to a rental subsidy provided the sublet is legal and appropriate documentation is provided by the staff member. This normally requires the prior written consent of the landlord or the appropriate legal entity.

Subsidies from other sources/sharing of rent

2.3 If the staff member receives a rental subsidy from a source other than the Organization, or shares the rent of a dwelling with someone other than the spouse or dependent children, and the lease is in the name of the staff member, the rental subsidy scheme shall apply only to that portion of the rent paid by the staff member. If the lease is not in the name of the staff member, no rental subsidy shall be paid.

One-time payment of an agent's fee

2.4 In addition to the rental subsidy for rent paid by the staff member as defined under section 2.1, a subsidy may also be paid in respect of a one-time payment fee paid to a licensed real estate agent/broker for services rendered in obtaining the dwelling for which the rental subsidy is requested. The amount of the subsidy for such a fee shall be calculated as provided in section 3.9, upon presentation of appropriate documentation by the staff member. A subsidy for the agent's fee shall be paid only once during the period of a staff member's assignment to a duty station.

Section 3
General regime governing computation of a rental subsidy

Individual threshold

3.1 The individual threshold amount is calculated by applying to the staff member's income — consisting, for the purpose of the present instruction, of the net base salary, including special post allowance, if any, and post adjustment — the rental subsidy threshold percentage rates established for each duty station by the International Civil Service Commission (ICSC), at the single and dependency rates. ICSC establishes such rates on the basis of the ratio that the average gross rent bears to the average net income of staff members at each duty station.

3.2 An entitlement to a rental subsidy may arise only when the amount of rent paid by the staff member exceeds the individual threshold amount, as defined in section 3.1. Staff members are expected to bear the rental costs up to that amount without subsidy.

3.3 When a staff member is married to another staff member and both meet the conditions for the payment of a rental subsidy, the following provisions shall govern:

(a) If both spouses are eligible for the payment of a rental subsidy at different duty stations, the subsidy shall be payable to each on the basis of his or her respective income;

(b) If both spouses are eligible for the payment of a rental subsidy at the same duty station, only one subsidy shall be paid. It shall be computed on the basis of the higher of the two incomes;

(c) If only one of the spouses is eligible for the payment of a rental subsidy, only the income of the eligible staff member shall be used for computation purposes.

Rent in excess of the reasonable maximum rent level

3.4 No subsidy shall be paid for the amount of the rent paid by the staff member for the amount in excess of the reasonable maximum rent level, which shall be determined in accordance with sections 11.1 to 11.3 for duty stations in Europe and North America and with sections 12.2 and 12.3 for duty stations outside Europe and North America.

Reimbursement rate

3.5 The rental subsidy shall be computed by applying the reimbursement rate, as defined by sections 11.4 and 11.5 for duty stations in Europe and North America and by section 12.4 for duty stations outside Europe and North America, to the amount by which the rent paid by the staff member or the applicable reasonable maximum rent level, whichever is lower, exceeds the individual threshold amount calculated in accordance with sections 3.1 to 3.3.

Maximum and minimum amounts of the rental subsidy

3.6 The amount of the rental subsidy shall not exceed 40 per cent of the rent paid by the staff member, or of the applicable reasonable maximum rent level, whichever is lower. However, ICSC may waive that ceiling, or establish a higher ceiling, for

specific duty stations outside Europe and North America, as further provided in section 12.5.

3.7 For eligible internationally recruited General Service staff members, the amount of the rental subsidy shall also be subject to the maximum amounts specified in section 15.3.

3.8 No rental subsidy shall be paid if the computation made in accordance with the provisions of section 3 results in a monthly amount equal to or lower than $10, or the equivalent amount in local currency.

Computation of the subsidy for an agent's fee

3.9 The subsidy for an agent's fee shall be computed as follows:

(a) When the amount of rent paid by the staff member does not exceed the amount of reasonable maximum rent level, the subsidy for an agent's fee shall be calculated by applying the reimbursement rate specified in section 3.5 to that part of the fee that exceeds the monthly individual threshold amount defined by sections 3.1 to 3.3;

(b) When the amount of rent paid by the staff member exceeds the amount of reasonable maximum rent level, the agent's fee shall be reduced in the proportion that the reasonable maximum rent level bears to the amount of rent paid by the staff member. The subsidy shall be calculated by applying the reimbursement rate specified in section 3.5 to that part of the reduced fee that exceeds the monthly individual threshold amount defined by sections 3.1 to 3.3.

Section 4
Application for a rental subsidy

4.1 Determination that a staff member is entitled to a rental subsidy and computation of the amount of that subsidy are normally made for a maximum period of 12 months at a time, upon receipt of an application by the staff member.

4.2 Staff members shall reapply annually for a rental subsidy, indicating all changes that may affect their individual situation and the amount of the rental subsidy to which they are entitled. However, the submission of a revised application for a rental subsidy shall be required before the end of the normal 12-month period, as soon as any of the following changes has occurred:

(a) Change in dwelling;

(b) Change in the rent for the same dwelling;

(c) Changes in family size.

4.3 Applications for a rental subsidy or revised applications shall be submitted in accordance with the procedures set out in the information circular on rental subsidies and deductions issued by the Assistant Secretary-General for Human Resources Management.

Section 5
Effective date of changes in factors used in computing a rental subsidy

5.1 When there is a change in any one of the factors used in computing a rental subsidy which are accounted for automatically, i.e., changes in the staff member's income, the threshold percentage, the reasonable maximum rent level or the reimbursement rate, the resulting change in the amount of the rental subsidy shall be effective as from the date of the change in the relevant factor.

5.2 When there is a change in other factors, the effective date of the resulting change in the amount of the subsidy shall be:

(a) The effective date of the new lease when there has been a change of dwelling;

(b) The effective date of the change in rent when there has been a change in rent for the same dwelling;

(c) The date from which a new child is recognized as the staff member's dependant when there has been an increase in the number of dependent children;

(d) The anniversary date of the payment of a rental subsidy when there has been a decrease in the number of dependent children;

(e) The date of a staff member's marriage;

(f) The anniversary date of the payment of a rental subsidy when a staff member's marriage has ended, he or she has legally separated or the spouse has ceased to reside with the staff member for the major part of the year.

Section 6
Payment of a subsidy

6.1 A subsidy shall be payable from the first day of the lease agreement or from the first day following the end of the period of payment of the subsistence allowance element of the assignment grant, whichever is later. Payment shall be made on a monthly basis over a 12-month period, unless the lease expires earlier, in which case payment shall be made over the period until the end of the lease.

6.2 When the subsidy is payable for part of a month, it shall be prorated in the proportion that the partial month bears to the full calendar month.

6.3 The subsidy shall normally be paid in United States dollars. Should the staff member request payment of salary and allowances in another currency in accordance with the rules governing the currency of payment of salaries and allowances,[1] the payment of the subsidy shall be made at the United Nations operational rate of exchange prevailing on the date the payment is made. No adjustment shall be made to account for changes in exchange rates once the payment has been made.

[1] ST/AI/402 of 23 March 1995, entitled "Currency of payment of salaries and allowances", or any subsequent instruction on this subject.

Section 7
Rental deductions

7.1 Staff members who receive housing assistance, including housing provided by the Organization, a Government or a related institution, either free of charge or at rents substantially lower than the average rent used in calculating the post adjustment index for the duty station, shall normally be subject to payroll deductions from their salaries.

7.2 The amount of the rental deduction shall be equal to 80 per cent of the difference between the rent paid by the staff member and the individual rental deduction threshold, which is an amount equal to 64 per cent of the individual rental subsidy threshold amount, as defined in sections 3.1 and 3.2. The amount of the rental deduction may be reduced in accordance with section 7.3.

7.3 If dwellings provided by the Organization, a Government or a related institution are clearly below standard in terms of the certification criteria set out in the annex to the present instruction, the amount of the rental deduction may be reduced to one half of the normal rental deduction. Upon the recommendation of the designated official at the duty station, and in very exceptional circumstances, the Chairman of ICSC may authorize a waiver of the calculated amount of reduction.

7.4 For rental deduction purposes, staff members shall be required to report and certify at the time of recruitment whether they receive housing assistance or free accommodation provided by the Organization, a Government or a related institution. In accordance with staff rule 104.4 (b), staff members have the obligation to inform the Organization of any change in the situation as reported at the time of recruitment if this would have an effect on their status or entitlements. Failure to report such a change in a timely manner will result in recovery of overpaid amounts and any other appropriate action.

Section 8
Relationship with other elements of the system of salaries, allowances and other benefits

Rental subsidies and deductions have no effect on other elements of the system of salaries, allowances and grants. The rental subsidy is non-pensionable and is not taken into account in determining separation payments. A staff member's income for the purpose of determining insurance premiums and subsidies shall not be considered as affected by rental subsidies or rental deductions.

Part II
Additional terms and conditions for rental subsidy at duty stations in Europe and North America[2]

Section 9
Special eligibility requirements

A rental subsidy may be paid to eligible staff members at duty stations in Europe and North America that are listed in annex I to the information circular on rental subsidies and deductions issued by the Assistant Secretary-General for Human Resources Management, provided they are in one of the following categories:

(a) Newcomers, i.e., newly appointed staff members and staff members transferred or reassigned from another duty station;

(b) Staff members affected by force majeure, i.e., staff members who are forced to change dwelling owing to circumstances beyond their control. The situations under which staff members may qualify for rental subsidy under force majeure shall be limited to the following:

(i) Demolition of the dwelling, extensive damage or lack of access to the dwelling owing to elements beyond the control of the staff member;

(ii) Forced eviction/repossession by the landlord through legal proceedings;

(iii) Conversion of the dwelling from rental to cooperative or condominium;

(c) Only one change in dwelling is allowed under force majeure for a staff member in the course of a continuous assignment at the same duty station. The subsidy shall be discontinued in case of any subsequent change of dwelling.

Section 10
Duration of a rental subsidy

10.1 A rental subsidy may be paid to eligible staff members at duty stations in Europe and North America for the following periods:

(a) For newcomers, seven years counted from the first day following the end of the period during which the staff member was paid the daily subsistence allowance element of the assignment grant received on arrival at the duty station. For staff members recruited at the duty station who did not receive an assignment grant on appointment, the seven-year period shall be counted from the date of the initial arrival at the duty station;

(b) In cases of force majeure, five years counted from the first day of the new lease after the occurrence of the force majeure.

10.2 A staff member may not receive a rental subsidy in the course of a continuous assignment at the same duty station in Europe or North America for a total period of

[2] As indicated in section 1.5 above, duty stations in Mexico shall be included among the duty stations outside Europe and North America for the purposes of the present instruction.

more than seven years. When a staff member in receipt of the rental subsidy as a newcomer is affected by force majeure:

(a) During the first two years following arrival at the duty station, he or she shall continue to receive the rental subsidy for a total period of seven years, at the rates for newcomers set out in column A of the table in section 11.4;

(b) After two years or more following arrival at the duty station, he or she shall receive the subsidy at the rates set out in column B of the table in section 11.4 for staff members affected by force majeure, provided however that the entire period of payment of the subsidy, either as a newcomer or under force majeure, does not exceed seven years.

Section 11
Computation of a rental subsidy at duty stations in Europe and North America

Determination of a reasonable maximum rent level

11.1 The reasonable maximum rent level referred to in section 3.4 shall be set by the Secretary-General for duty stations in Europe and North America, based on the family size of the staff member and a survey of rent levels in the local market. Levels of reasonable maximum rent for New York are set out in annex VI to the information circular on rental subsidies and deductions issued by the Assistant Secretary-General for Human Resources Management. Local circulars are issued at other duty stations by the authorized official, setting out the reasonable maximum rent levels applicable at the duty station concerned.

11.2 For rental subsidy purposes, a staff member's family shall be considered as comprising the spouse and recognized dependants actually residing with the staff member at the duty station for the major part of the year. However, when a staff member's dependent children are absent from the duty station in connection with their studies, an additional bedroom for every two children studying away from the duty station will be added in determining the reasonable maximum rent level applicable to the staff member.

11.3 An upward adjustment of 10 per cent shall be made in the applicable reasonable maximum rent level for staff at the D-1 and D-2 levels; an upwards adjustment of 20 per cent shall be made in the applicable maximum rent level for staff at the level of Assistant Secretary-General and above.

Reimbursement rate

11.4 In accordance with section 3.4, the reimbursement rate determined on the basis of the following table shall be applied to that portion of the rent paid by the staff member that exceeds the individual rental subsidy threshold as defined in sections 3.1 and 3.2, up to the reasonable maximum rent level determined by application of sections 11.1 to 11.3.

Year	*A* *Newcomers* *(percentage)*	*B* *Staff members affected by force majeure* *(percentage)*
1	80	80
2	80	80
3	80	60
4	80	40
5	60	20
6	40	-
7	20	-

11.5 When electricity charges are included in the rent, the following amounts, or equivalent in local currency, shall be deducted from the total monthly rent payable to determine the amount of rent to be used for purposes of determining the rental subsidy: studio or one-bedroom dwelling, $25; two-bedroom dwelling, $35; three-bedroom dwelling, $45; four-bedroom dwelling, $55; and dwelling with five or more bedrooms, $65.

Maximum amount of the rental subsidy

11.6 In accordance with section 3.5, the rental subsidy paid to a staff member shall not exceed 40 per cent of the rent paid by the staff member, or 40 per cent of the applicable reasonable maximum rent level determined in accordance with sections 11.1 to 11.3, whichever is lower.

Part III
Rental subsidies and deductions at duty stations outside Europe and North America

Section 12
Computation of rental subsidy at duty stations outside Europe and North America

12.1 Except as provided in sections 13 and 14, the computation of rental subsidy at duty stations outside Europe and North America shall be governed by sections 12.2 to 12.5.

Determination of a reasonable maximum rent level

12.2 At duty stations outside Europe and North America, the reasonable rent level referred to in section 3.4 shall be established, based on the determination by the authorized official at the duty station as to whether, given the local market conditions, the rental payments are reasonable or substantially lower or higher than rents for dwellings of similar quality and size. Such determination, to be certified by the authorized official, shall be made in accordance with the criteria set out in the annex to the present instruction.

12.3 When it is determined that the rental payments are substantially higher than rents for dwellings of similar quality and size at the duty station, the amount of the subsidy shall be calculated on the basis of the highest of the rents paid by staff members with similar family circumstances for dwellings certified as reasonable at the duty station.

Reimbursement rate

12.4 The reimbursement rate for the computation of a rental subsidy at duty stations outside Europe and North America shall be 80 per cent of that portion of the rent paid by the staff member that exceeds the individual rental subsidy threshold, provided the rent paid by the staff member does not exceed the reasonable maximum rent level determined in accordance with sections 12.2 and 12.3.

Maximum amount of a rental subsidy

12.5 In accordance with section 3.6, the amount of a rental subsidy shall not exceed 40 per cent of the rent paid by the staff member, or 40 per cent of the applicable reasonable maximum rent level, whichever is lower. However, the 40 per cent ceiling may be waived or raised by ICSC for specific duty stations outside Europe and North America when commercial rents are considerably higher than the rental component of the post adjustment index.

Section 13
Modified rental subsidy at certain duty stations

At certain duty stations, where the rental threshold is based on low government-provided housing costs, a modified rental subsidy formula shall apply whereby those staff members who are obliged to pay extremely high rents on the commercial market shall be reimbursed the sum of (a) 80 per cent of the difference between the average commercial rent and the applicable individual rental threshold and (b) either 90 or 95 per cent of the difference between the rent paid by the staff member and the average commercial rent.

Section 14
Combined rent

14.1 When eligible staff members are assigned to a duty station outside the capital city of the country of assignment, their rental expenses at the duty station, if any, and the rental paid for the family's accommodation at another location in the country of assignment may be considered as a single rent for the purposes of the rental subsidy, subject to the following conditions:

(a) In the opinion of the Secretary-General, the duty station lacks schools and/or medical facilities appropriate to the needs of the staff member's family;

(b) The staff member's family has travelled at the expense of the Organization to the country of the duty station and settled in the capital city or another city in the country of assignment with appropriate educational and/or medical facilities;

(c) The staff member is obliged to rent accommodation at both locations.

14.2 The combined rent mechanism under section 14.1 shall not apply in the following situations:

(a) When the staff member's family is left in the home country or in a third country, or

(b) When the staff member's family is settled at locations in the country of assignment other than the staff member's duty station for reasons not related to the education or health care of the family members.

In such cases, a rental subsidy shall be paid only in respect of accommodation rented by the staff member at the duty station.

Part IV
Additional terms and conditions applicable to internationally recruited General Service staff members

Section 15
Rental subsidy for internationally recruited General Service staff

15.1 In accordance with the changes introduced in 1983 in the non-resident's allowance, internationally recruited General Service staff serving at duty stations in Europe and the Americas shall be eligible for a rental subsidy when the following conditions are met:

(a) They do not receive a non-resident's allowance under the transitional measures established in staff rule 103.5 (d) for staff in receipt of such an allowance on 31 August 1983;

(b) Their nationality, within the meaning of staff rule 104.8, is other than that of the country of the duty station, and they do not have permanent resident status in that country.

15.2 Except as provided in section 15.3, the terms and conditions for the payment of a rental subsidy to eligible internationally recruited General Service staff members shall be those set out in parts I and II of the present instruction for staff members in Europe and North America.

15.3 The amount of rental subsidy may not exceed $200 per month for staff members without a dependent spouse or child and $250 per month for staff members with such a dependant.

Section 16
Final provisions

16.1 The present administrative instruction shall enter into force on 1 January 2001.

16.2 The following administrative instructions are hereby abolished:

(a) ST/AI/275/Rev.2 of 23 November 1988;

(b) ST/AI/314 of 27 January 1984 and ST/AI/314/Add.1 of 16 January 1985;

(c) ST/AI/350 of 27 April 1988, ST/AI/350/Amend.2 of 6 February 1992 and ST/AI/350/Amend.3 of 23 May 1996.

(*Signed*) Joseph. E. **Connor**
Under-Secretary-General for Management

Annex

Certification criteria for purposes of determining the reasonable maximum rent level at duty stations outside Europe and North America (sections 12.2 and 12.3 of the instruction)

For the purpose of certification, at each duty station dwellings are grouped in three categories, as follows:

A. Reasonable

If a dwelling occupied by a staff member is similar in quality and size by reference to those occupied by other staff members at the same duty station having similar family circumstances and if the rental follows a general pattern of rents for dwellings of similar quality and size, then the dwelling in question should be certified as "reasonable". It must be noted, however, that if a staff member has no alternative but to occupy a dwelling that is larger or better in quality in relation to those occupied by other staff members with similar family circumstances or if the rent is very high in comparison to other dwellings of similar size because of unavailability of other suitable accommodations, then the dwelling must still be certified as "reasonable".

B. Above average

If a staff member occupies a dwelling that is substantially larger or better in quality in relation to those occupied by other staff members with similar family circumstances, resulting in higher rental payments, then the dwelling should be certified as "above average". In this case, the highest rent paid by a staff member from among those with similar family circumstances and living in dwellings certified as "reasonable" must be used for the calculation of rental subsidies.

C. Substandard

Dwellings provided either free of charge or at a nominal cost which are of poor quality fall within this category. Judging from past experience, dwellings of this type lack either the minimum acceptable standard of construction and/or one or more of the basic amenities. It should be noted that the category "substandard" applies also to dwellings in capital or other major cities.